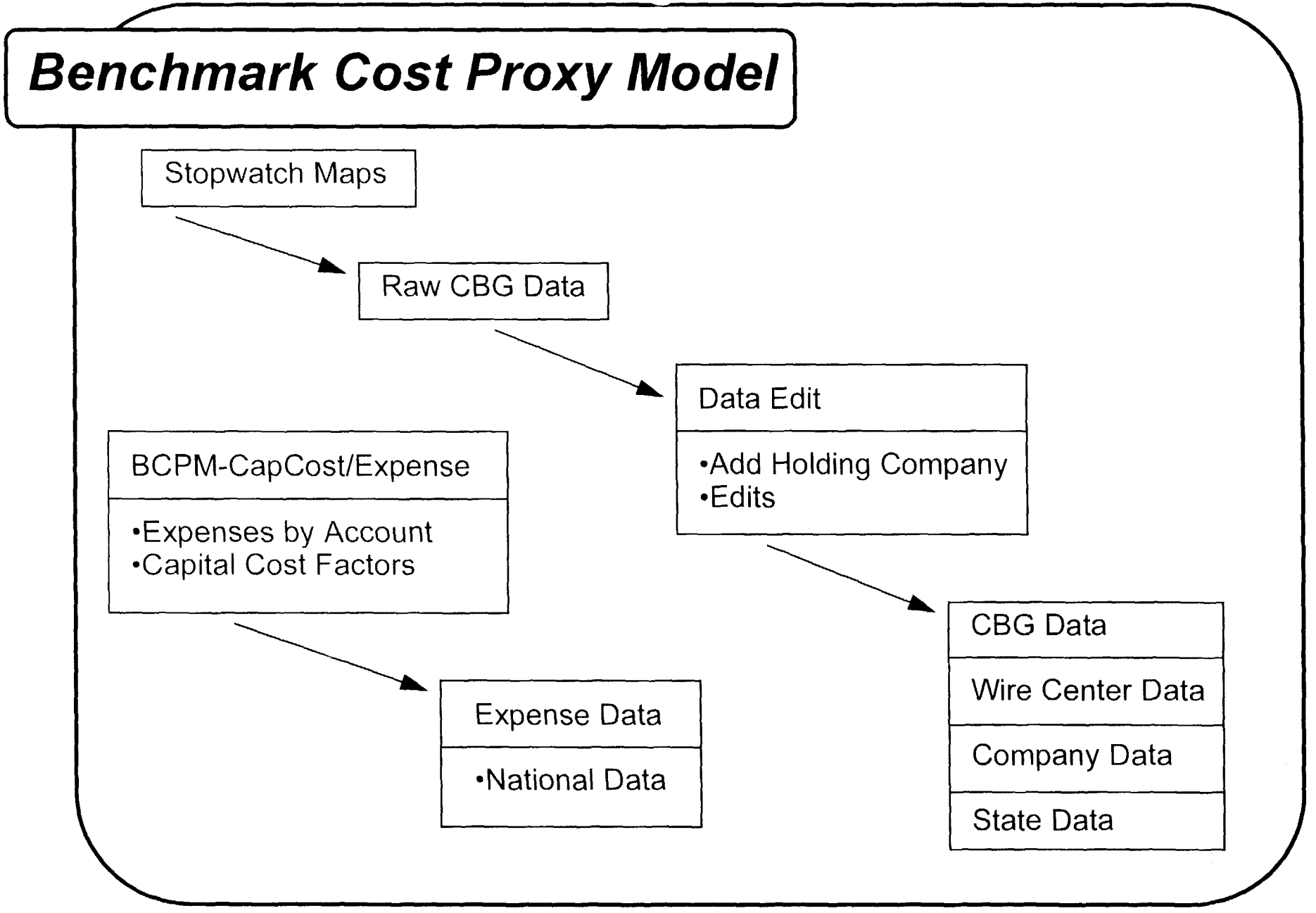
Benchmark Cost Proxy Model



Pacific Bell, Sprint, U S WEST

Benchmark Cost Proxy Model

MODEL NOTES:

Benchmark Cost Proxy Model

MODEL NOTES:

Benchmark Cost Proxy Model Results

Area Wide Summary Report

State: Any State
Report Type: Company or Clli

Investment Per Line Data	Uncapped Amount	Capped[1] Amount
Loop Investment	$ -	$ -
Switch Investment	$ -	$ -
IOF Investment	$ -	$ -
Other Investment	$ -	$ -
Total Investment	$ -	$ -
Expense Per Month Data		
Capital Cost	$ -	$ -
Operating Expense per Line	$ -	$ -
Gross Reciepts Tax	$ -	$ -
Total Cost per Line	$ -	$ -
Line Data		
Average Loop Length in Feet	0	
Lines Above $10K Loop Inv	0	
Number of Households	0	
Number of Residential Lines	0	
Number of Single Business Lines	0	
Multiple Business Lines	0	
Total CBG Lines Served	0	
Aggregate Support Data		
Support Over $20 Benchmark	$ -	
Support Over $30 Benchmark	$ -	
Support Over $40 Benchmark	$ -	
Support Over $50 Benchmark	$ -	
Support Over $60 Benchmark	$ -	
Support Over $70 Benchmark	$ -	
Support Over $80 Benchmark	$ -	

[1] **CBGs with Average Loop Investment per line over $10,000 are capped at $10,100**

Assumptions:

Input Data=base.csv

BreakPoint=12000

Workbook=Bcpm.xls

escription=Base View with default inputs

Benchmark Cost Proxy Model Results

Plant Summary Report

State: Any State
Report Type: Company or Clli
Investment: UnCapped[1]

Density Group	0 to 10	11 to 50	51 to 150	151 to 500	501 to 2000	2001 to 5000	> 5001	Total
Investment Per Line Data								
Loop Distribution Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loop Feeder Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loop Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Switch Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
InterOffice Facilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost Per Month Data								
Capital Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expense per Line	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cost per Line	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Line Data								
Loop Distribution Length	0	0	0	0	0	0	0	0
Loop Feeder Length	0	0	0	0	0	0	0	0
Total Loop Length	0	0	0	0	0	0	0	0
Number of Households	0	0	0	0	0	0	0	0
Number of Residential Lines	0	0	0	0	0	0	0	0
Number of Single Business Lines	0	0	0	0	0	0	0	0
Multiple Business Lines	0	0	0	0	0	0	0	0
Total CBG Lines Served	0	0	0	0	0	0	0	0

Benchmark Cost Proxy Model Results

Plant Summary Report

State: Any State
Report Type: Company or Clli
Investment: UnCapped[1]

Aggregate Support Data	0 to 10	11 to 50	51 to 150	151 to 500	501 to 2000	2001 to 5000	> 5001	Total
Support Over $20 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $30 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $40 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $50 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $60 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $70 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $80 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-

[1] **The Average Loop Investment per line**

Assumptions:
Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Results

Plant Summary Report

State: Any State
Report Type: Company or Clli
Investment: Capped[1]

Density Group	0 to 10	11 to 50	51 to 150	151 to 500	501 to 2000	2001 to 5000	> 5001	Total
Investment Per Line Data								
Loop Distribution Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loop Feeder Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loop Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Switch Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
InterOffice Facilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost Per Month Data								
Capital Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expense per Line	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cost per Line	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Line Data								
Loop Distribution Length	0	0	0	0	0	0	0	0
Loop Feeder Length	0	0	0	0	0	0	0	0
Total Loop Length	0	0	0	0	0	0	0	0
Number of Households	0	0	0	0	0	0	0	0
Number of Residential Lines	0	0	0	0	0	0	0	0
Number of Single Business Lines	0	0	0	0	0	0	0	0
Multiple Business Lines	0	0	0	0	0	0	0	0
Total CBG Lines Served	0	0	0	0	0	0	0	0

Benchmark Cost Proxy Model Results

Plant Summary Report

State: Any State
Report Type: Company or Clli
Investment: Capped[1]

Aggregate Support Data	0 to 10	11 to 50	51 to 150	151 to 500	501 to 2000	2001 to 5000	> 5001	Total
Support Over $20 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $30 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $40 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $50 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $60 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $70 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Support Over $80 Benchmark	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-

Lines Above $10K Loop Inv 0

[1] **CBGs with Average Loop Investment per line over $10,000 are capped at $10,100**

Assumptions:

Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Results

Armis Report Format

State: Any State
Report Type: Company or Clli
Investment: UnCapped[1]

Account Description	Account Number	Small UnCapped Investment	%	Medium UnCapped Investment	%
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
Plant Specific Expenses					
Network Support	6110	$ -		$ -	
General Support	6120	$ -		$ -	
COE Switch	6210	$ -		$ -	
Operator Systems	6220	$ -		$ -	
COE Transmission	6230	$ -		$ -	
Information IOT	6310	$ -		$ -	
Cable & Wire	6410	$ -		$ -	
Plant Non-Specific Expenses					
Other PP&E	6510	$ -		$ -	
Network Operations	6530	$ -		$ -	
Depreciation/Amort	6560	$ -		$ -	
Marketing	6610	$ -		$ -	
Customer Opr Service	6620	$ -		$ -	
Executive & Planning	6710	$ -		$ -	
General & Administration	6720	$ -		$ -	
Prov Uncollectibles	6790	$ -		$ -	
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Reciepts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

[1] **The Average Loop Investment per line**

Assumptions:
Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
)escription=Base View with default inputs

Benchmark Cost Proxy Model Results

Armis Report Format

State: Any State
Report Type: Company or Clli
Investment: UnCapped[1]

Account Description	Account Number	Large UnCapped Investment	%	Total UnCapped Investment	%
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
Plant Specific Expenses					
Network Support	6110	$ -		$ -	
General Support	6120	$ -		$ -	
COE Switch	6210	$ -		$ -	
Operator Systems	6220	$ -		$ -	
COE Transmission	6230	$ -		$ -	
Information IOT	6310	$ -		$ -	
Cable & Wire	6410	$ -		$ -	
Plant Non-Specific Expenses					
Other PP&E	6510	$ -		$ -	
Network Operations	6530	$ -		$ -	
Depreciation/Amort	6560	$ -		$ -	
Marketing	6610	$ -		$ -	
Customer Opr Service	6620	$ -		$ -	
Executive & Planning	6710	$ -		$ -	
General & Administration	6720	$ -		$ -	
Prov Uncollectibles	6790	$ -		$ -	
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Reciepts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

[1] **The Average Loop Investment per line**

Assumptions:
Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Results

Armis Report Format

State: Any State
Report Type: Company or Clli
Investment: Capped[1]

Lines Above $10K Loop Inv:	0	Small		Medium	
Account Description	Account Number	Capped Investment	%	Capped Investment	%
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
Plant Specific Expenses					
Network Support	6110	$ -		$ -	
General Support	6120	$ -		$ -	
COE Switch	6210	$ -		$ -	
Operator Systems	6220	$ -		$ -	
COE Transmission	6230	$ -		$ -	
Information IOT	6310	$ -		$ -	
Cable & Wire	6410	$ -		$ -	
Plant Non-Specific Expenses					
Other PP&E	6510	$ -		$ -	
Network Operations	6530	$ -		$ -	
Depreciation/Amort	6560	$ -		$ -	
Marketing	6610	$ -		$ -	
Customer Opr Service	6620	$ -		$ -	
Executive & Planning	6710	$ -		$ -	
General & Administration	6720	$ -		$ -	
Prov Uncollectibles	6790	$ -		$ -	
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Reciepts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

[1] **CBGs with Average Loop Investment per line over $10,000 are capped at $10,000**

Assumptions:
Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Results

Armis Report Format

State: Any State
Report Type: Company or Clli
Investment: Capped[1]

Lines Above $10K Loop Inv:	0	Large		Total	
Account Description	Account Number	Capped Investment	%	Capped Investment	%
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
Plant Specific Expenses					
Network Support	6110	$ -		$ -	
General Support	6120	$ -		$ -	
COE Switch	6210	$ -		$ -	
Operator Systems	6220	$ -		$ -	
COE Transmission	6230	$ -		$ -	
Information IOT	6310	$ -		$ -	
Cable & Wire	6410	$ -		$ -	
Plant Non-Specific Expenses					
Other PP&E	6510	$ -		$ -	
Network Operations	6530	$ -		$ -	
Depreciation/Amort	6560	$ -		$ -	
Marketing	6610	$ -		$ -	
Customer Opr Service	6620	$ -		$ -	
Executive & Planning	6710	$ -		$ -	
General & Administration	6720	$ -		$ -	
Prov Uncollectibles	6790	$ -		$ -	
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Reciepts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

[1] **CBGs with Average Loop Investment per line over $10,000 are capped at $10,000**

Assumptions:
Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Results

Household Category Summary

State: Any State
Report Type: Company or Clli

Total Annual Cost = $ -
State Average Monthly Cost= $ -

Cost Category	Number of Households
$0<=$ 5	0
$5<=$10	0
$10<=$15	0
$15<=$20	0
$20<=$25	0
$25<=$30	0
$30<=$35	0
$35<=$40	0
$40<=$45	0
$45<=$50	0
$50<=$55	0
$55<=$60	0
$60<=$65	0
$65<=$70	0
$70<=$75	0
$75<=$100	0
$100<=$150	0
$150<=$200	0
$200<=$250	0
$250<=$300	0
$300<=$500	0
$500<=$1000	0
$1000+	0
Total Households	0

Loop Category	Number of Households
0 <= 5Kft	0
5Kft <= 10Kft	0
10Kft <= 15Kft	0
15Kft <= 20Kft	0
20Kft <= 25Kft	0
25Kft <= 30Kft	0
30Kft <= 40Kft	0
40Kft <= 50Kft	0
50Kft <= 60Kft	0
60Kft <=70Kft	0
70Kft <= 80Kft	0
80Kft <= 90Kft	0
90Kft <= 100Kft	0
100Kft <=150Kft	0
150Kft <= 200Kft	0
200Ktf+	0

Loop Information	Length
Minimum Loop Length	0
Maximum Loop Length	0
Average Loop Length	0
Lines Above $10K Loop Inv	0

Assumptions:

Input Data=base.csv
BreakPoint=12000
Workbook=Bcpm.xls
Description=Base View with default inputs

Benchmark Cost Proxy Model Inputs

Support and Expense Factors for Tier 1 Companies

Common Loadings

CommonLoad		Common Loading (enter as Decimal)
GrossRecieptsTax		Gross Reciepts Tax

1995 ARMIS 43-03 (Total Tier 1)

Support Ratio Table

Support Accounts	Support Accounts		
	Small	Medium	Large
Motor Vehicle			
Special Purpose Vehicles			
Garage Work			
Other Work			
Furniture			
Office Support			
General Purpose Computers			
Total Support Ratio			

This table is used to develop the support assets associated with general support facilities. Each ratio is calculated as the amount of investment in the specific support asset account divided by the total plant less support investment.

Benchmark Cost Proxy Model Inputs

Support and Expense Factors for Tier 1 Companies

Per Line Monthly Operating Expenses

Cost Element	USOAR Account	Small Company		Medium Company		Large Company	
		Residential	Business	Residential	Business	Residential	Business
Network Support	6110						
General Support	6120						
COE Switching	6210						
Operator Systems	6220						
COE Transmission	6230						
Information Orig/Term	6310						
Cable and Wire Facilities	6410						
Other Property Plant	6510						
Network Operations	6530						
Access	6540						
Marketing	6610						
Services	6620						
Executive and Planning	6710						
General and Administrative	6720						
Uncollectibles	6790						
Total Expense							

Benchmark Cost Proxy Model Inputs

Support and Expense Factors for Tier 1 Companies

Single Business Line State Table

Abbreviation	State	Number of Lines
AL	Alabama	
AK	Alaska	
AZ	Arizona	
AR	Arkansas	
CA	California	
CO	Colorado	
CT	Connecticut	
DE	Delaware	
DC	District of Columbia	
FL	Florida	
GA	Georgia	
HI	Hawaii	
ID	Idaho	
IL	Illinois	
IN	Indiana	
IA	Iowa	
KS	Kansas	
KY	Kentucky	
LA	Louisiana	
ME	Maine	
MD	Maryland	
MA	Massachusetts	
MI	Michigan	
MN	Minnesota	
MS	Mississippi	
MO	Missouri	

Benchmark Cost Proxy Model Inputs

Support and Expense Factors for Tier 1 Companies

MT	Montana	
NE	Nebraska	
NV	Nevada	
NH	New Hampshire	
NJ	New Jersey	
NM	New Mexico	
NY	New York	
NC	North Carolina	
ND	North Dakota	
OH	Ohio	
OK	Oklahoma	
OR	Oregon	
PA	Pennsylvania	
RI	Rhode Island	
SC	South Carolina	
SD	South Dakota	
TN	Tennessee	
TX	Texas	
UT	Utah	
VT	Vermont	
VA	Virginia	
WA	Washington	
WV	West Virginia	
WI	Wisconsin	
WY	Wyoming	

Benchmark Cost Proxy Model Inputs

Annual Capital Cost Factors

Account	Economic Life (years)	Return	Depreciation	Federal Income Taxes	State Income Taxes	Other Taxes	Total	Total Taxes
Land							0.0000	0.0000
Motor Vehicle							0.0000	0.0000
S.P. Vehicle							0.0000	0.0000
Garage Work							0.0000	0.0000
Other Work							0.0000	0.0000
Building							0.0000	0.0000
Furniture							0.0000	0.0000
Office Support							0.0000	0.0000
G.P. Computers							0.0000	0.0000
Switching							0.0000	0.0000
Circuit/DLC							0.0000	0.0000
Pole							0.0000	0.0000
Aerial Copper							0.0000	0.0000
Aerial Fiber							0.0000	0.0000
Underground Copper							0.0000	0.0000
Underground Fiber							0.0000	0.0000
Buried Copper							0.0000	0.0000
Buried Fiber							0.0000	0.0000
Conduit							0.0000	0.0000

These inputs are developed in the Capital Cost/Expense Model based on Economic Lives, Tax Lives, Future Net Salvage and Survival Curve Inputs.

BCPM Capital Cost & Expense Module

Account Capital Cost Inputs

Account	Economic Life (years)	Tax Life (years)	Future Net Salvage (percent)	Survival Curve	Gompertz c	Gompertz G	Gompertz S
Land		0		Square Life			
Motor Vehicle		3		CG&S			
Special Purpost Vehicles		3		CG&S			
Garage Work		5		CG&S			
Other Work		5		CG&S			
Building		31.5		CG&S			
Furniture		5		CG&S			
Office Support		5		CG&S			
General Purpose Computers		5		CG&S			
Switching		5		CG&S			
Circuit/DLC		5		CG&S			
Pole		15		CG&S			
Aerial Copper		15		CG&S			
Aerial Fiber		15		CG&S			
Underground Copper		15		CG&S			
Underground Fiber		15		CG&S			
Buried Copper		15		CG&S			
Buried Fiber		15		CG&S			
Conduit		15		CG&S			

BCPM Capital Cost & Expense Module

Capital Cost Inputs

Capital Cost Inputs

Financial Data

Return on Equity	
Debt Rate	
Debt Ratio	
Discount Rate	
Return on Capital	0.0%

Tax Data

Federal Tax Rate	
State Tax Rate	
Gross Receipts Tax	
Ad Valorem, Insurance, etc.	
Other Tax Rate	

Depreciation Data

Tax

Method	ACRS
Convention	Mid-Year
Flow Thru Normalization	Yes

Book

Use Survival Curves	Yes, use CGS
Convention	Mid-Year
ELG / VG	Equal Life Group
WL / RL	Remaining Life

BCPM Capital Cost & Expense Module

Account Capital Cost Inputs

Account	Economic Life (years)	Tax Life (years)	Future Net Salvage (percent)	Survival Curve	Gompertz c	Gompertz G	Gompertz S
Land	0	0	0%	Square Life	0.00000000	0.00000000	0.00000000
Motor Vehicle	8.19	3	11%	CG&S	1.39000000	-0.03578191	0.02459161
Special Purpost Vehicles	10.04	3	22%	CG&S	1.39000000	-0.03578191	0.02459161
Garage Work	12.1	5	3%	CG&S	1.08000000	-0.69482840	0.04955755
Other Work	13.81	5	1%	CG&S	1.01000000	-23.96447600	0.24021811
Building	42.61	31.5	3%	CG&S	1.18429170	-0.10144970	0.01577689
Furniture	16.09	5	3%	CG&S	1.43000000	-0.00558034	-0.00361393
Office Support	11.08	5	2%	CG&S	0.96000000	0.20224895	-0.02371559
General Purpose Computers	5.39	5	3%	CG&S	1.08000000	-1.21677470	0.09321193
Switching	9.8	5	2%	CG&S	1.13397400	-0.21745512	0.02396884
Circuit/DLC	8.46	5	-1%	CG&S	0.91000000	-0.75263364	-0.06830103
Pole	30.05	15	-89%	CG&S	1.05000000	-0.02643692	-0.00330942
Aerial Copper	12.49	15	-18%	CG&S	1.12000000	-0.00289233	-0.00303817
Aerial Fiber	18.92	15	-22%	CG&S	1.12000000	-0.00289233	-0.00303817
Underground Copper	11.37	15	-8%	CG&S	1.03000000	-0.10156001	0.00158400
Underground Fiber	18.94	15	-17%	CG&S	1.03000000	-0.10156001	0.00158400
Buried Copper	14.1	15	-18%	CG&S	1.07000000	-0.01484545	-0.00019402
Buried Fiber	18.94	15	-12%	CG&S	1.07000000	-0.01484545	-0.00019402
Conduit	50	15	-5%	CG&S	1.71629560	-0.00114623	0.00038173

Benchmark Cost Proxy Model

Model Methodology

PRELIMINARY

JANUARY 13, 1997

Presented by:
Pacific Bell, Sprint, and USWest

Benchmark Cost Proxy Model Methodology

Background

During the Joint Board proceeding in CC Docket 96-45, Sprint and U S WEST sponsored the Benchmark Cost Model 2, and Pacific Telesis sponsored the Cost Proxy Model. Both of these models were excellent models which developed the overall cost of providing basic universal service. Although the two models approached the development of network costs from a totally different perspective, the bottom line results of the models came out surprisingly similar. As a result of this similarity, and in an effort to develop a consensus around a final proxy model for purposes of the targeted high cost fund scheduled to be implemented January 1, 1998, the three companies have combined their talents and energy to develop a superior model which incorporates the best aspects of both models. We call this model the Benchmark Cost Proxy Model (BCPM). (Over time this new model has also been referred to as the "Best of Both" or "Best of Breed", or more simply as "BOB" .)

The BCPM is a combination and improvement of the best attributes of both the BCM2 and the CPM. The BCM2 is well recognized for its dynamic building of the network. The CPM is heralded for its fine unit of geography (the "Grid"), its assignment of households to serving wire centers, and its flexible and dynamic reporting interface. The BCPM takes all of these attributes and adds some exciting new ones (expanded engineering inputs, capital cost module, etc..).

Highlights of the BCPM include:
* A new forward-looking capital cost model which allows the user to easily modify all factors relating to cost of capital and economic depreciation.
* Forward-looking investment and expense factors based upon data from a broad industry base reflecting the cost of procuring, installing and operating a state-of-the-art voice grade telecommunications network.
* All factors are easily user adjustable.
* Clear and concise documentation of all model equations and algorithms as well as complete documentation of the source of all default input variables.
* Greatly enhanced speed and ease of operation, including the ability the change program inputs either through easy to use drop-down menus or direct access to the EXCEL spreadsheets.
* The BCPM model provides methods to process multiple investment and expense views across multiple states. This provides the user with a great deal of flexibility in performing multiple scenario analysis.
* The BCPM allows the computation of forward-looking cost for unbundled network elements (available Phase 2).

The BCM2 used as its fundamental unit of study the census block group (CBG), while the CPM used the much smaller "grid cell". Incorporation of the grid cell data and/or the Census Block into the dynamic design process of the BCPM is scheduled for phase 2 of the release. In the current release, the BCPM is using CBG data.